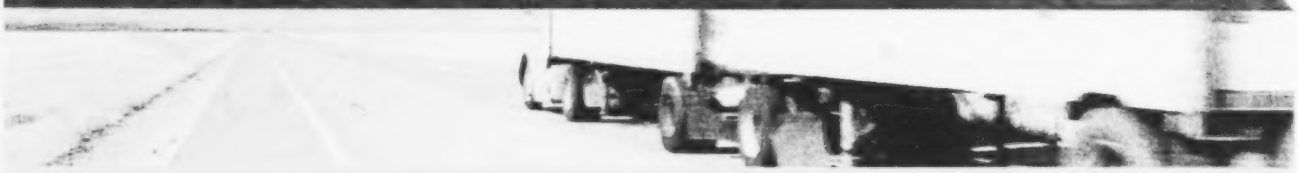
CANADEXPORT



Volume 24 > Number 7

IN THIS ISSUE > BIG INTO JAPAN FOOD SECTOR >>

'FITTing' in on the world stage

It's not easy for small and medium-sized companies to obtain the range of knowledge and skills they need to be successful exporters. That's why the Forum for International Trade Training (FITT) has launched a series of initiatives designed to provide companies with the competitive advantage of understanding the global trade environment.

FITT works with over 55 educational partners across Canada and offers online courses to give Canadians skills and knowledge to compete successfully in world markets. FITT is the only organization in Canada to award the Certified International Trade Professional (CITP) designation—the Canadian credential of excellence in international trade.

CITP designation and FITTskills

In 1997, in response to calls from industry for a specific professional qualification in international trade—and as part of its mandate to set national standards for trade training and certification—FITT introduced the CITP designation. Individuals holding the designation have met a rigorous set of requirements, including completing the FITTskills program or its equivalent and having a minimum of one year of trade experience.

The FITTskills program is the primary avenue for achieving the CITP designation. FITTskills is a practical, interactive training program that allows participants to master skills for successful global traders. The program has been validated by the International Association of Trade Training Organizations. Courses are offered across Canada through a network of learning organizations, and online.

Going Global Workshops

The Going Global Workshop series is a joint initiative of FITT and Team Canada Inc. The six three-hour workshops, also offered online, introduce participants to the world of international business including marketing, market research, trade finance, international logistics and distribution.

FITT members benefit from a variety of programs, publications and services that have been developed specifically for international trade professionals. Whether you want to advance your career, add to your skills and knowledge, or stay in touch with your peers, FITT membership can open doors for you.

FITT's National Conference

On June 13 and 14, 2006, the 9th annual FITT Conference will be held in Halifax, Nova Scotia. This leading national conference combines opportunities to meet international trade practitioners from across the country and to sharpen global business strategies.

For more information, and to register, go to www.fitt.ca/conference/2006, or call the FITT Conference Secretariat at 1 866 775-1817, website: www.fitt.ca.

2007-01839/

New ministers of international trade and foreign affairs

The government has appointed a new Minister of International Trade and a new Minister of Foreign Affairs. The government also announced that it will reintegrate the two departments to ensure a coherent approach to foreign affairs and global commerce, while the two ministers will continue to be served by separate divisions within the department.

David L. Emerson, Minister of International Trade

David L. Emerson has been appointed Minister of International Trade and Minister for the Pacific Gateway and the Vancouver-Whistler Olympics.

Born in Montreal and raised in Grand Prairie, Alberta, Mr. Emerson attended the University of Alberta and obtained bachelor's and master's degrees in economics, then received a doctorate in economics from Queen's University. He was first elected to the House of Commons in 2004 and named Minister of Industry. He was re-elected in 2006. Mr. Emerson previously worked as chairman and CEO of Canadian Western Bank. Afterward, he became the Deputy Minister of Finance in British Columbia and later the Deputy Minister to the Premier. He was president of the B.C. Trade Development Corporation, president and CEO of the Vancouver Airport Authority and president and CEO of Canfor Corporation.

Mr. Emerson said he has a deep respect for the great responsibilities that fall under International Trade. "Canada is a trading nation with a core commitment to free and open trade, and a proud tradition of exporting our nation's products around the world," he said. "Indeed, Canada's success in global commerce will determine our nation's prosperity and our role on the international stage."

Peter MacKay has been named Canada's new Minister of Foreign Affairs, a position in which he says he hopes to further Canada's engagement in the world.

Mr. MacKay was born in New Glasgow, Nova Scotia. After graduating with an arts degree from Acadia University in 1987, he studied law at Dalhousie University. He was first elected to Parliament in 1997 and re-elected in 2000, 2004 and 2006. He previously served as Progressive Conservative Party leader, House Leader and was a member of the Standing Committee on Justice, Human Rights, Public Safety and Emergency Preparedness and its subcommittees. He has also been appointed Minister of the Atlantic Canada Opportunities Agency.

Speaking at the memorial service for Glyn Berry in Ottawa in February, Mr. MacKay said that while he is new to Foreign Affairs Canada, he is "long familiar with the great service to Canada which our diplomats have exhibited over the years." Since he began his assignment, he said he has received many congratulatory phone calls from foreign ministers throughout the world. "I have been struck by their tremendous regard for Canadian diplomacy, for our efforts to build international law and respect for human rights, for our long history of peacekeeping and our current engagement in the much more challenging business of peacebuilding," he said. "They look to Canada to stay engaged."

For more information about the ministers involved in International Trade Canada and Foreign Affairs Canada, go to www.international.gc.ca.

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Finding the right representative in the U.S.

Selling through an intermediary can provide you with an immediate business presence in the United States, with the added advantage that you don't have to set up your own sales organization. This alone can make it an option worth considering.

There are several kinds of intermediaries. Distributors, for example, will buy your product outright, import it into the U.S. and market it to end users. Manufacturers' representatives and agents work on commission and often sell to a particular set of customers. Trading houses often provide a complete range of export services, from initial market research to final sale.

The advantages of using intermediaries are real, but you should also be aware of some potential drawbacks. Your profit margins may be lower, for example, and you may have very little control over the way your product is represented and sold. You'll also be somewhat removed from your customers, which can affect the accuracy of your manufacturing decisions and marketing approaches. Whether these drawbacks negate the positive aspects of using an intermediary will depend on your particular business situation.

How to find the right intermediary

Contacts at U.S.-oriented trade fairs can often introduce you to potential intermediaries. Other sources of information are the Canadian Trade Commissioner Service and, on both sides of the border, local Chambers of Commerce and trade associations; remember also to ask other companies in your sector about their experiences with intermediaries. Online information about U.S. intermediaries may also help: one such source is the U.S. Directory of Manufacturer's Sales Agents.

Always check out a potential intermediary before committing yourself to a deal. Consider factors such as the firm's references, its sales force size, its sales record, the companies it represents, the market segments it covers and its promotional strategies.

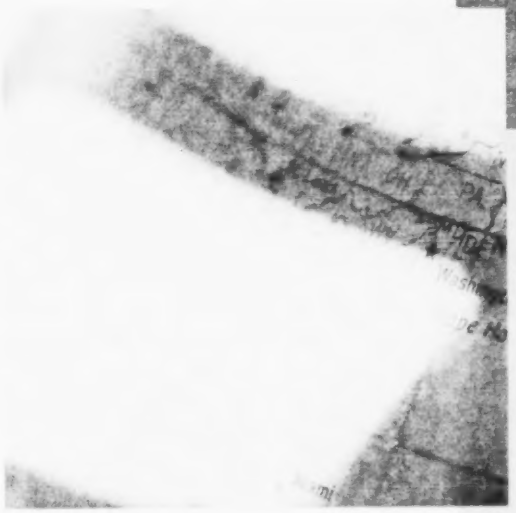
The strategic-alliance alternative

You might also consider forming a strategic alliance with an American company that operates in your chosen target market. This can be a rewarding arrangement and has several variations.

One common approach is licensing, in which you give your U.S. partner the right to use your proprietary technology and/or intellectual property; this could, for example, allow your partner to manufacture and sell your products in the U.S. Franchising, a version of licensing, gives the franchisee the right to use your manufacturing or service delivery processes, along with your business systems and trademarks.

In cross-licensing and cross-manufacturing, your two companies license products, services and/or production to each other. Related options are co-marketing, in which you use each other's distribution networks and domestic markets, and co-production, which involves the joint production of goods to provide economies of scale.

There's also the joint venture approach. In U.S. practice, this is a collaboration between two companies to carry out a specific project. It lasts only as long as the project does and isn't intended to be a long-term relationship (although it might become one).



Any of these alliances might be ideal for your U.S. export business. Not only can they help with issues like professional accreditation and U.S. tax liabilities, they can make your company more competitive, and in the highly aggressive U.S. business environment, that's a very good strategy indeed.

For more information on doing business in the U.S., be sure to consult *Exporting to the United States*, the comprehensive online guide from Team Canada Inc. You'll find it at www.exportsource.ca/unitedstates. Export assistance is also available through our Export Information Line at 1 888 811-1119.

Dig into Japan's food and beverage sector

Given the vast size of Japan's population of nearly 128 million people, the market for agriculture and food products in the country is immense. Japanese consumers value high-quality products and are generally willing to pay a premium for these products.

In 2003, Japanese households spent an annual average of $8,840 on retail food purchases and $5,146 on food-service purchases. Packaging is an important factor in purchasing decisions, since Japanese consumers tend to associate the quality of the packaging with the quality of the product.

Japanese consumers are also well informed about food trends, especially those concerning potential health benefits. There is high product development and consumer interest in the area of functional foods. After several recent food safety scares and scandals in Japan, food safety and traceability have become increasingly important to Japanese consumers.

Japan's domestic agricultural sector is small in scale, with only 13% (375,000 square kilometres) of the country's land available for cultivation. It is also highly subsidized. Rice, vegetable and egg production is nearly self-sufficient, and 60% of the country's fish and seafood consumption is provided domestically.

Import-dependent market

Despite this level of production, Japan is capable of producing only 40% of the population's food needs and is therefore dependent on agricultural imports for the other 60%. The Japanese government has set a target of decreasing the proportion of imported food products to 45% by 2010, but this goal is not likely to be met. In fact, it is more likely that the share of imported food products will continue to increase as a result of decreasing domestic production and dietary trends that favour imports.

The import market for agri-food and seafood products is valued at $73.7 billion. Fish and seafood products, meat and meat products, cereals and oilseeds, miscellaneous grains, fruits and seeds account for over half of Japan's total agri-food and seafood imports. Frozen fish and both fresh and frozen shellfish account for nearly 60% of Japan's fish and seafood imports, and boneless pork cuts account for over 60% of meat imports.

The top exporters of agriculture and food products to Japan are the United States (26% market share), China (14.3%), Australia (8.2%) and Canada (5.7%).

In 2004, Canada's top agriculture and food exports to Japan were fresh and frozen pork, canola seeds, wheat and meslin, crustaceans and soybeans. Canada is a major supplier of wheat to Japan, supplying nearly all of Japan's durum imports in 2004 (valued at $70.4 million), and malt barley, supplying over 25% of Japan's malt imports (valued at $76.8 million).

Opportunities

Canadian exporters of products that respond to Japan's health food trend will find a receptive market. Bottled water, blueberries and functional milk products are popular in Japan, and lesser-known products such as cranberry and saskatoon berry products are attracting interest as well.

Opportunities exist for supplying healthy and functional foods targeted at niche markets, such as the aging Japanese population or the aging pet population. Processors and producers may benefit from highlighting their participation in Canada's various food safety programs, as well as in traceability initiatives through Canada's Agricultural Policy Framework. Canadian companies may also find research and development partnership opportunities with Japanese companies in the areas of functional foods and nutraceuticals.

As the Japanese population adopts a more Westernized diet, there is potential for export growth in an

almost limitless range of consumer food items, including cereal-based products, meats, organic food products, fresh and processed fruits and vegetables, dairy products, fish products, multi-ingredient foods, and non-alcoholic and alcoholic beverages.

Canada's strong private-label capabilities may be capitalized into an opportunity as retail chains attempt to differentiate themselves from the large foreign retailers and as the consolidation of the wholesale sector creates less variety in product choice among retailers.

In April 2001, Japan introduced mandatory labelling of foods derived from biotechnology. Food processors are starting to look for non-genetically modified (non-GM) alternatives, such as non-GM soybeans. Canada's capability to produce non-GM soy and soy-related products may prove advantageous as organic soy-based products continue to grow in popularity. Canada's increasing number of organic producers may also be able to take advantage of the growing organic market in Japan.

Canada has a strong reputation with Japanese consumers and food processors for producing high-quality agricultural ingredients, such as barley and wheat. Canadian suppliers of food ingredients may capitalize on this reputation, as restaurants begin to adopt the guidelines developed by the Ministry of Agriculture, Food and Forestry to disclose the origin of the main food ingredients in their menus. In addition, Japanese food manufacturers continuously look for new food ingredient suppliers. Opportunities exist to supply ingredients including meats, vegetables, fruits, berries, confectioneries, juice concentrates, purees, herbs, seasonings, noodles and seafood.

The resumption of trade in Canadian beef from cattle aged 20 months and younger to Japan presents export opportunities for a variety of boneless beef products.

The Government of Canada has several programs and services to help Canadian firms gain a competitive advantage in international markets. For example, the Canadian Trade Commissioner Service (www.infoexport.gc.ca) can help Canadian firms access many business opportunities in Japan. Export Development Canada (www.edc.ca) offers export financing and insurance to Canadian exporters. The Canadian Commercial Corporation (www.ccc.ca) is an export sales agency that helps Canadian exporters sell in government and private-sector markets around the world.

For more information on the Japanese agri-food market, contact the Canadian Embassy in Japan, tel.: (011-81-3) 5412-6200, fax: (011-81-3) 5412-6254, email: jpn.commerce@international.gc.ca, website: www.infoexport.gc.ca/jp.

Upcoming Japanese food industry events

Natural Products Expo Japan
September 21-23, 2006
Contact: Kristen Seldon, New Hope Natural Media,
tel.: (303) 998-9066, fax: (303) 447-1164,
email: kseldon@newhope.com,
websites: www.newhope.com and
www.naturalproductsjapan.com.

BioFach Japan
September 21-23, 2006
Contact: Nurnberg Global Fairs, Heinz W. Kuhlmann,
tel.: (011-81-3) 5404-7351, fax: (011-81-3) 5404-7352,
email: heinz@inter.net,
website: www.biofach.com.

Health Ingredients Japan
October 4-6, 2006
Contact: CMP Japan Co. Ltd.,
tel.: (011-81-3) 5296-1020, fax: (011-81-3) 5296-1018,
email: info@cmpjapan.com,
websites: www.hijapan.info and www.cmpjapan.com.

Virtual Trade Commissioner

Access a World of Trade Knowledge

Discover new business opportunities

Are you looking for ways to make the most of international opportunities? Could you use reliable contacts, relevant intelligence and the chance to network with potential clients and partners? If so, read on!

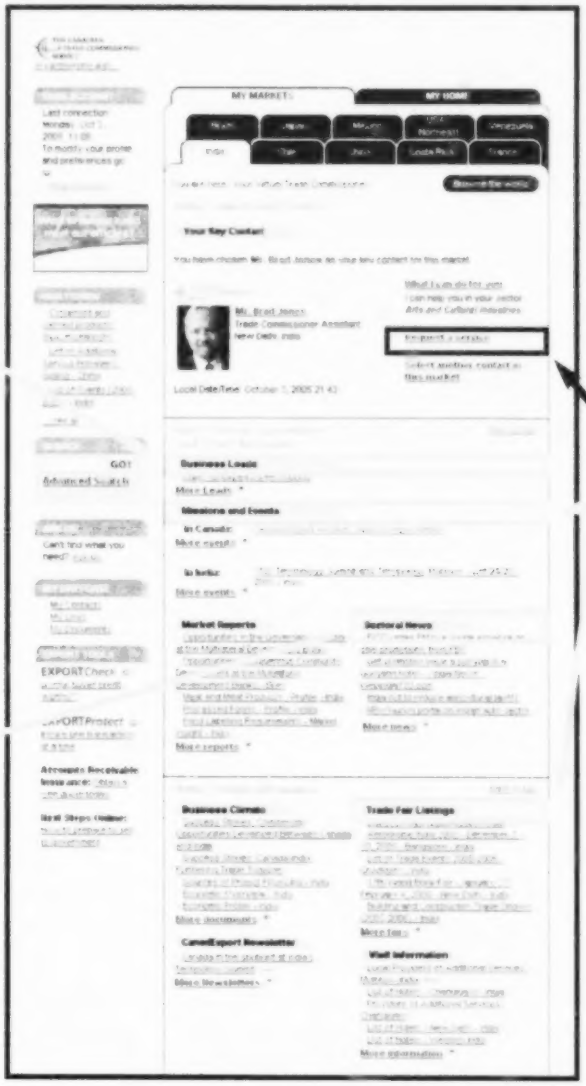
Your Virtual Trade Commissioner (VTC) provides access to business leads, news and key international opportunities. You can even request personal services from a trade commissioner located in your target market. Keep on reading!

Discover qualified leads

Canadian trade commissioners abroad, in collaboration with the International Business Opportunities Centre, deliver eligible leads exclusively to VTC users. Looking to expand your search in more markets? Click on "More Leads."

Gain insight into your sector

Through your VTC, you can access news items that match your business interests pulled from over 7,000 sources. This invaluable information, updated daily, can keep you informed of events that could affect your company's growth.



Build networks and strategic alliances

Trade shows, missions and events are excellent opportunities to discover business leads and further develop your network of contacts. Use your VTC to keep up to date and to register online for special events.

Pull it all together with help from a trade commissioner

All the content available through your VTC goes hand-in-hand with the experience and knowledge of a trade commissioner located in your target market who specializes in your industry sector. Ask for a "Key Contacts Search" to obtain a list of qualified contacts in your target market. Once you have found a promising opportunity, ask for a "Market Prospect" to learn more about it.

To contact a trade commissioner abroad, select "My Markets" at the top of your page, and "Request a Service." It's that easy!

For more information on the Virtual Trade Commissioner, or to register, visit:

www.infoexport.gc.ca

Paris to host defence and security show

Paris, France, June 12-16, 2006 > The biennial international exhibition for land and land-air defence, **Eurosatory 2006**, has become the world's leading event devoted to the defence and security industry.

In 2004, more than 44,000 trade visitors from 144 countries registered, a 15% increase over 2002, and attracted some 1,000 exhibitors, most of them international. This event will give Canadian manufacturers the opportunity to keep up with most recent technological advances in this sector. This premiere event will allow exporters to get an accurate picture of the industry's networks and meet potential partners.

A Canadian pavilion at Eurosatory is being coordinated by the Canadian Embassy in Paris in conjunction with Industry Canada, which will feature a dozen or so Canadian companies.

Canadian defence and security equipment is used by numerous land forces around the world: laser beam detectors and night-vision equipment, satellite tracking and monitoring systems, tracks and rubber parts for armoured vehicles, protective nuclear, biological and chemical decontamination gear, training and conventional ammunition, and so on.

To exhibit with the Canadian pavilion, and for any additional information on this industry, contact Guy Ladequis, Trade Commissioner, Canadian Embassy in Paris, email: guy.ladequis@international.gc.ca.

Women entrepreneurs to 'take on the world'

Saint-Jean-Sur-Richelieu, Quebec, May 25-26, 2006 > 'Taking on the World' is the theme for the Haut-Richelieu Economic Council's Committee on Women's Issues *Salon de l'entrepreneuriat féminin* (Exhibition for Women Entrepreneurs).

The event will be a forum for knowledge and information exchange and is dedicated to businesswomen from Quebec and abroad. Pooling the skills of women from all over the world with those of Canadian women will foster constructive and cultural learning, which will help open doors for women entrepreneurs.

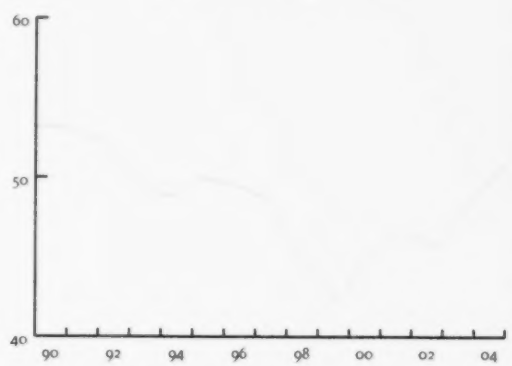
For more information, contact Lucie Dandenault, International Trade Manager, Club ExportAction, tel.: (450) 359-0099, ext. 233, email: lucie.dandenault@exportaction.qc.ca, or Martine Lorrain-Cayer, Exhibition Coordinator, Haut-Richelieu Economic Council's Committee on Women's Issues, email: lorraincayerm@haut-richelieu.qc.ca, website: www.entrepreneuriatfeminin.com.

"Dutch Disease" for Canada?

For a country with abundant natural resources, higher resource prices can be a great boon; however, it can also raise the value of the currency and stifle growth in non-resource industries, a phenomenon known as "Dutch Disease." Over most of the 1990s, the share of natural resources in Canada's merchandise exports fell, but over the last four years this share has risen back to 50.9% as of 2004. Meanwhile, over 2002-2004, Canada's manufacturing sector suffered a net loss of 43,800 jobs. The current rise in resource prices may merely be a temporary upturn, but if it is not, the benefits to resource industries might come at the expense of other sectors.

Provided by the Trade and Economic Analysis Division (www.international.gc.ca/eet).

Resources Share of Canadian Merchandise Exports



Data: Statistics Canada

Melbourne, Australia
June 16-18, 2006
The Good Food and Wine Show features more than 300 exhibitors and is the ultimate place to explore new tastes and discover the latest culinary trends from around the world. The same show will be in Sydney from June 23 to 25 and in Brisbane from November 10 to 12, 2006.
Contact: Sarah Powles, Canadian High Commission in Canberra, tel.: (011-61-2) 6270-4000, fax: (011-61-2) 6270-4069, email: cnbra-td@international.gc.ca, website: www.canada.org.au.

Casablanca, Morocco
June 21-24, 2006
Marocotel is an international hotel trade and related equipment exhibition that features the food processing, catering and hospitality industries.
Contact: Zouhair Kanouni, Canadian Embassy in Casablanca, tel.: (011-212-37) 68-74-00, fax: (011-212-37) 68-74-15/16, email: rabat-td@international.gc.ca, website: www.infoexport.gc.ca/ma.

Moscow, Russia
September 18-22, 2006
World Food Moscow 2006 has been held since 1992 and is the largest international food exhibition in Russia. Last year, more than 1,100 companies from 55 countries participated in World Food Moscow.
Contact: Marina Fomitcheva, Canadian Embassy in Moscow, tel.: (011-7-095) 105-6063, fax: (011-7-095) 105-6051, email: marina.fomitcheva@international.gc.ca, website: www.world-food.ru/eng.

Kuala Lumpur, Malaysia
June 27-30, 2006
Tenaga 2006 is the region's premier electrical and power industry event, comprising an international expo, a conference and technical symposia. For the first time, a 'Renewable Energy Pavilion' will be featured.
Contact: Mia Yen, Canadian High Commission in Malaysia, email: mia.yen@international.gc.ca, website: www.ambexpo.com.my/tenaga/tenaga_web.

Gothenburg, Sweden
August 23-26, 2006
Wood Products and Technology is Scandinavia's most complete wood industry fair, featuring a full range of products and services for all sectors of this industry. This year's event will put an extra focus on carpentry and will be a good place for Canadian exporters to meet with key Swedish contacts and partners.
Contact: Maria Stenberg, Canadian Embassy in Sweden, tel.: (011-46-8) 453-30-20, email: maria.stenberg@international.gc.ca.

Buenos Aires, Argentina
September 7-9, 2006
ExpoMedical 2006 is the leading international show for healthcare products, equipment, and services targeting the Spanish-speaking markets of the Americas.
Contact: Barbara Brito, Canadian Embassy in Argentina, tel.: (011-54-11) 4808-1000, fax: (011-54-11) 4808-1111, email: bairs-commerce@international.gc.ca, website: www.buenosaires.gc.ca.

Tripoli, Libya
July 17-20, 2006
The Exhibition for Communication and Information Technologies is a great opportunity for Canadian companies to showcase their products and services, to explore the telecommunications and I.T. sector in Libya and meet key contacts and local companies in this sector.
Contact: Hesham Ganem, Canadian Embassy in Libya, tel.: (011-218) 21-335-1633, fax: (011-218) 21-335-1630, email: hesham.ganem@international.gc.ca, website: www.libya.gc.ca.

Hong Kong, China
December 4-8, 2006
ITU Telecom Asia 2006 expects to be the biggest telecommunications exhibition and forum ever held in the region, with over 5,000 companies from more than 100 countries expected to attend.
Contact: Brian Wong, Canadian Consulate in Hong Kong, email: brian.wong@international.gc.ca, website: www.itu.int/WORLD2006.

Hamburg, Germany
September 26-29, 2006
The Canadian Consulate in Hamburg will be actively involved in this year's **Shipbuilding, Machinery and Marine Technology International Trade Fair**.
Contact: Hayward Keats (Atlantic provinces recruitment), Newfoundland and Labrador Association of Technology Industries, tel.: (709) 772-7385, website: www.nati.net, or contact Tomlin Coggeshall and Bruce Cole (other provinces), tel.: (207) 236-6196 or (207) 236-0369, email: tcogg@midcoast.com or bcole@midcoast.com, website: www.smm2006.com.

International Trade Canada's Enquiries Service provides departmental information, publications and referral services to Canadian exporters. Contact us at: 1 800 267-8376 (National Capital Region: (613) 944-4000), TTY: (613) 944-9136, email: enqserv@international.gc.ca, website: www.international.gc.ca

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